TEXAS DEPARTMENT OF HEALTH
BUREAU OF KIDNEY HEALTH CARE
ADVISORY COMMITTEE MEETING

OCTOBER 4, 2002

MEMBERS PRESENT

Robert Hootkins, M.D., Chair
Mr. Cheno Rodela, Vice Chair
Ms. Linda Schacht, LMSW
Mr. Bonny Wilburn
Mr. Lloyd Davis, LMSW-AP
G. Baird Helfrich, M.D.
Ms. Mary B. Hardy, R.D.

MEMBERS ABSENT

James Webster, M.D.

GUESTS

Ms. Cheryl Buntley, Roche Labs
Mr. Colin Brown, Braintree Labs
Mr. Frank Santos, Santos Alliances
Ms. Rita Littlefield, Texas Renal Coalition
Mr. Greg Hoke, Wyeth-Ayerst Labs
Ms. Jamie Miles, Sangstat

Doctor Robert Hootkins, Chair of the Kidney Health Care Advisory Committee, called the meeting to order and welcomed those members present. Doctor Hootkins introduced Ms. Mary Hardy, R.D. Ms. Hardy is with Harris Methodist Hospital in Fort Worth and was appointed to fill the unexpired position vacated by Ms. Judith Nicastro.

Mr. Phil Walker, Chief of the Bureau of Kidney Health Care (KHC), updated the Committee on the status of client services expenditures for FY2002. As of August 31, 2002, client services expenditures totaled $19.1 million for 21,123 unduplicated recipients. It is projected that client services expenditures for FY2002 will total $20.0 million for 21,379 unduplicated recipients.

Because the budgeted General Revenue for KHC for FY2002 totals $20.9 million ($17.9 million in General Revenue and $3.0 million in rebate revenue), KHC will end FY2002 with approximately $900,000 in unexpended funds. KHC has requested that the Texas Department of Health (TDH) transfer these funds to FY2003 client services in order to meet the demand for services projected in FY2003. Preliminary projections indicate that KHC will serve 22,865 unduplicated recipients in FY2003. Projected client services expenditures for FY2003 total $21.9 million. The continued increase in the prevalence of end-stage renal disease (ESRD) is due primarily to the increase in diabetes. The fact that the onset of diabetes is occurring in the younger age groups, combined with the fact that people are living longer, contributes to the increase in the number of people with ESRD on both a state and a national level. Mr. Walker estimated that KHC provides coverage to approximately 84% of all ESRD patients in Texas.

Mr. Walker informed the Committee that the TDH presented the Legislative Appropriations Request (LAR) for FY2004 and FY2005 to the Governor's Budget Office, the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee. The LAR included a request for base level funding for KHC of $24 million for each fiscal year of the biennium. The LAR also included an Exceptional Item Request of an additional $3.6 million for FY2004 and $6.5 million for FY2005 to maintain current services for the projected 10% increase in the number of clients served. It is estimated that the client caseload will grow from a current annual growth rate of 7% to 10% during each year of the next biennium. The number of clients is projected to increase from 22,865 in FY2003 to 25,164 in FY2004, and to 27,680 in FY2005. KHC is listed as Priority #8 out of 18 Exceptional Item Requests included in the TDH LAR submission.

Mr. Walker explained that KHC's Exceptional Item Request was currently listed as a Tier One level request, which includes requests to maintain services. However, most programs in this group requested funds to maintain current services at their current caseload. Tier Three, however, included safety-net type programs that requested funds not only to maintain their current benefit levels, but also to prevent implementing a waiting list. Mr. Walker stated that KHC's philosophy, initiated by both prior and current advisory committees, has been to not have a waiting list, but to provide benefits to all clients enrolled and eligible for services, even if it became necessary to reduce benefits in order to do so. However, because in actuality maintaining current services means maintaining the current level of benefits for the current caseload, there has been discussion of splitting KHC's proposed exceptional item request into Tier One and Tier Three. Tier One would maintain current benefits for the projected number of recipients for FY2003 (22,865). Tier Three would provide benefits to the projected increase in clients for FY2004 and FY2005. Mr. Walker will update the Committee on this issue as new information becomes available.

Doctor Hootkins informed the Committee that he had recently attended a Board of Health luncheon for the Chairs of Board-appointed advisory committees. Budget and funding issues were the primary topic of discussion, and each committee chair was afforded the opportunity to discuss the funding issues faced by the programs they represented. Doctor Hootkins commented on the "horrendous competition" for funding and stressed to the Committee the number of programs whose funding had been cut in the past. He specifically mentioned water fluoridation, funding for AIDS services, and school health programs. He commented that, as a result of the meeting, he had a better appreciation for the process involved in obtaining funding.

Committee members discussed defining the most essential drugs and prioritizing drug categories accordingly. Upon discussion however, consensus was that it would be difficult, if not impossible, to prioritize medications for ESRD and the co-morbid conditions associated with the disease. It was agreed that a cost savings might be realized by restricting the use of specific medications beyond the need. An example was given of patients who are prescribed gastric acid blockers for an indefinite period of time, which is against the recommendations of the Physician's Desk Reference (PDR).

The Committee discussed establishing a sub-committee to review the formulary and recommend medical protocols and/or coverage limitations for specific medications. KHC will forward a list of the 50 most expensive drugs covered by KHC, and this topic will be included on the agenda for the next Committee meeting. In addition, the Committee discussed sending a letter to the dialysis centers via the social workers, informing them of the budget situation and requesting their assistance in maximizing the KHC drug benefit. Doctor Hootkins will draft a letter for review by the Committee prior to submission for final approval by the Board of Health.

In a related discussion, the Committee discussed the overuse of pain medications by ESRD patients. Members commented about the difficulty in obtaining treatment for addiction for ESRD patients, partially due to scheduling conflicts because of the patient's dialysis treatments, and partially due to the low reimbursement rates. Members stated that it is very difficult finding support for patients who do not have private insurance.

Mr. Walker informed the Committee that, as part of the development of the LAR for FY2004 and FY2005, KHC has prepared a contingency plan in the event the Exceptional Item Request to maintain current services is not funded. Mr. Walker stated that the plan has not been approved by TDH Executive Management and requested the Committee's input on the recommendations. Upon discussion, it was the consensus of the Committee that the $5 co-pay per prescription would have the most adverse impact of the options listed for FY2004. Committee members felt that many of the pharmacies, particularly mail order pharmacies, would no longer participate as a KHC provider if a co-pay were implemented.

Regarding the option to discontinue drug coverage for Medicaid patients, it was the consensus of the Committee that, if Medicaid patients were better educated about maximizing their Medicaid benefits and using mail order pharmacies, they would not need to use their KHC drug benefit of one drug per month. Through mail order pharmacies, Medicaid recipients may receive a 90 – 180 day supply of medication per each refill. KHC recipients are limited to a 34-days supply per prescription. It was the opinion of the Committee that the Medicaid benefit of three drugs per month was adequate for the needs of the majority of the KHC clients eligible for Medicaid and that discontinuing drug coverage for Medicaid eligible patients was a viable option.

Mr. Walker informed the Committee that, although this was a contingency plan for FY2004 and FY2005, it might become necessary to implement some of the options in FY2003, depending on the rate of expenditures for FY2003.

The Committee was informed that the language in the Reimbursable Drug List Revision Policy and Procedures has been clarified to reflect that, when considering drugs for inclusion on the List, preference will be given to drugs manufactured by companies that participate in the State Health Programs Drug Manufacturer Rebate Program. This requirement was mandated in Rider 38 of the General Appropriations Act, 77th Legislature, Regular Session. KHC is in the process of informing the non-participating

manufacturers that their products will be removed from the Reimbursable Drug List (List) if they do not participate in the Rebate Program. The issue will then be brought back to the Committee for official action and recommendation and then forwarded through TDH channels for final action. The majority of the drugs are multi-source drugs and a similar drug that does have a rebate agreement will remain on the List if the multi-source drugs are removed. However, there are several single source drugs that do not have a rebate agreement and a comparable drug will not be available on the List if the single-source drugs are deleted. Of particular concern to the Committee was Prograf, an immunosuppressant drug taken by renal transplant patients to prevent rejection of the graft. Mr. Lloyd Davis commented that in San Antonio, approximately 75% of transplant recipients are on Prograf. He added that many patients are being switched from cyclosporine (another immunosuppressant drug on the List) because of cyclosporine nephrotoxicity. The Committee felt the issue of single-source non-rebate drugs required further consideration and discussion. Mr. Walker requested that Committee members forward comments regarding the deletion of single-source, non-rebate drugs to KHC.

The Committee was informed that, effective December 31, 2002, the terms of the following Committee members will end:

Mr. Bonny Wilburn
Mr. Lloyd Davis, LMSW-AP
Robert Hootkins, M.D.

In addition, Ms. Sandra Taylor has resigned her position as a consumer member, leaving an unexpired term. Request for nomination packets will be mailed out in October, and a nominations packet should be submitted to the Board of Health in January or February. Outgoing Committee members were informed that they may be asked to continue their service on the Committee until a replacement is appointed.

The Committee was also updated about the recent review of the Committee. Surveys were sent to Committee members, TDH staff members, and other interested stakeholders. As a result of the information received in the surveys, it was recommended that the Committee continue in existence through March 2008. Changes to the Advisory Committee rules have been recommended in order to update existing language and to add new language regarding the activities of Committee members. The proposed rules will be presented to the Board of Health on October 17, 2002. Upon approval, they will be published in the Texas Register for a 30-day comment period. Copies of the proposed rules will be forwarded to the Committee for review and comment.

Public Comment

The Committee heard public comment from Ms. Cheryl Buntley with Roche Labs. Ms. Buntley expressed concern that KHC extension of coverage of ganciclovir for a 90-day supply instead of a 30-days supply had not yet been implemented. Mr. Walker

explained that the implementation was pending the approval of TDH Executive Management and stated that KHC will follow-up on the status of the request and will update the Committee.

Ms. Rita Littlefield, Secretary of the Texas Renal Coalition, informed the Committee that the Texas Renal Coalition has scheduled an Advocacy Field Day on November 8, 2002. In addition, Kidney Day at the Capitol is scheduled for February 11, 2003.

Closing comments were made by outgoing Committee members Mr. Lloyd Davis, Mr. Bonny Wilburn, and Doctor Robert Hootkins. Mr. Walker thanked the outgoing members for their years of service, their invaluable contributions to KHC, and their dedication to end-stage renal disease patients in Texas.

There being no further business, the meeting adjourned.